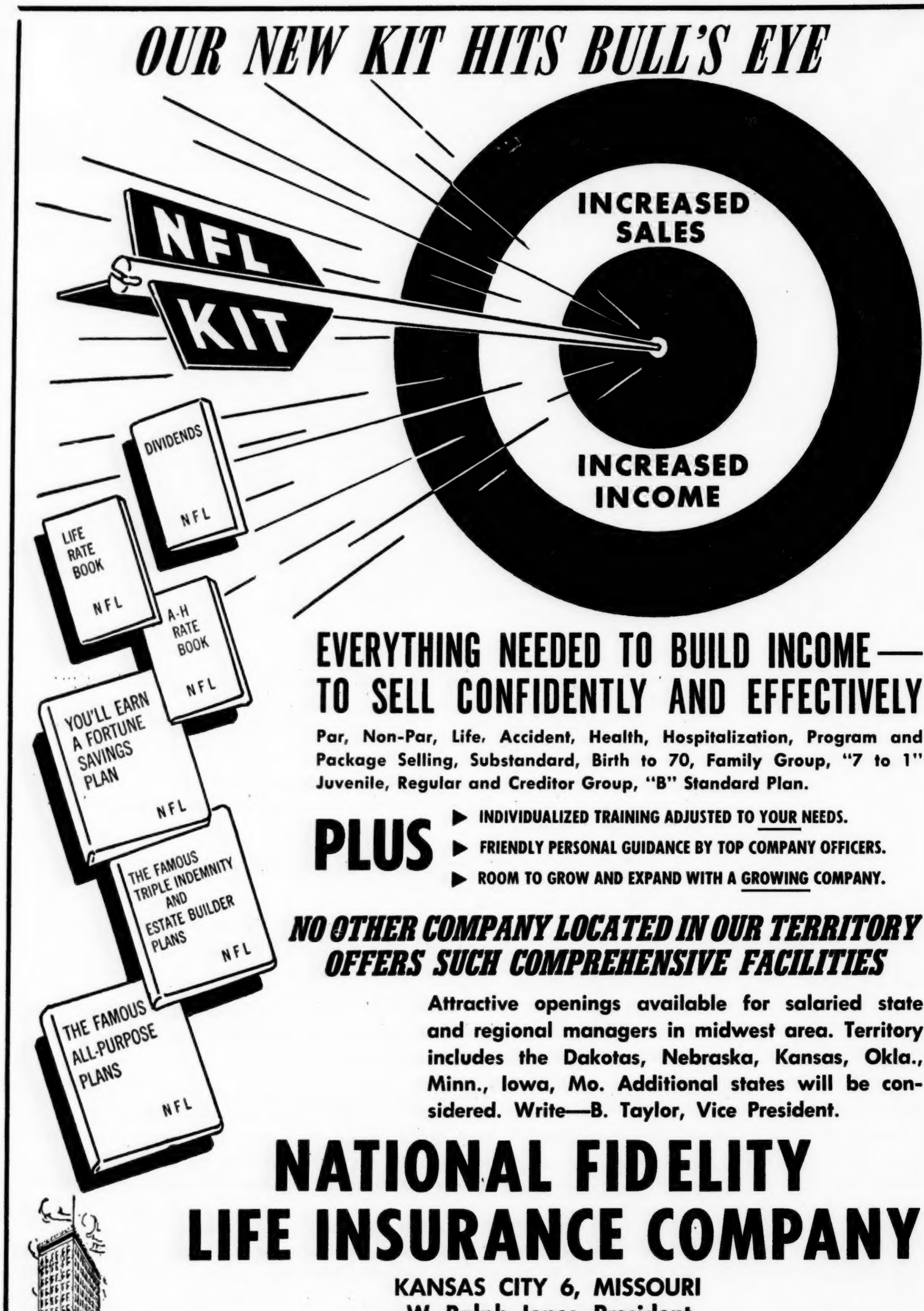
The NATIONAL UNDERWRITER
Life Insurance Edition

FRIDAY, AUGUST 13, 1954



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The NATIONAL UNDERWRITER

58th Year, No. 33
August 13, 1954

The National Weekly Newspaper of Life Insurance

L.&C. Comes Out Against Industry's Income Tax Plan

President Dudley Says Proposal is Inequitable for His and Similar Companies

Life & Casualty has come out against the federal income tax formula for life companies proposed by the joint committee of American Life Convention, Life Assn. of America, and Life Insurers Conference, contending that it is discriminatory against medium and small-sized companies.

Guilford Dudley, Jr.

President Guilford Dudley, Jr., of Life & Casualty recently appeared before the Curtis subcommittee of the House ways and means committee on behalf of his company and others similarly situated. In addition to Mr. Dudley and L. & C. staff members, there were present Harry Zelle, president of Missouri Ins. Co., and Bruce Batho, vice-president and actuary of Life of Georgia.

Mr. Dudley emphasized that he was not in Washington "to oppose the reduction in taxes given the large mutual and stock companies by the tax proposal but only to oppose the disproportionate increase in taxes of our company and other small and middle-sized stock companies."

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The all-industry proposal, reported in some detail in THE NATIONAL UNDERWRITER for July 23, has three bases for computing each company's tax, the company being obligated to pay on whichever basis produces the highest tax. Basis No. 1 is computed mainly on policyholders' dividends, basis No. 2 on stockholders' cash dividends, and the third basis is on net investment income and is the most like the current 6½% stop-gap plan which applies through 1954.

Mr. Dudley contends that inclusion of the first two bases in the industry proposal renders it unsound and that the general pattern of taxation embodied in basis No. 3 of the proposed formula "is the soundest now apparent and should be the starting point for taxation." He argues that this approach is sufficiently flexible to be adjusted to meet the equities of the industry and requirements of government; a continuation of this appproach will not carry within it inherent possibilities for discrimination between stock and mutual companies or between large and small companies; also, insurance company taxes are increasing with growth and under this approach this increase will continue.

Of basis No. 1 (policyholders' dividends) Mr. Dudley states that the

(CONTINUED ON PAGE 15)

Murphy Resigns As S. C. Commissioner, Joins Life Company

D. D. Murphy, insurance commissioner of South Carolina since 1948 and immediate past president of National Assn. of Insurance Commissioners has resigned to become vice-president of Coastal States Life of Atlanta. He will continue to live in Columbia and will carry on from there the public relations work for the company and its affiliates. Coastal States owns controlling interest in Columbus National Life of Columbus, Ga., General Life of Atlanta and Dixie Life of Georgia.

D. D. Murphy

R. Lee Kelly, deputy commissioner of South Carolina, succeeds Mr. Murphy as insurance commissioner. He will serve until the 1955 general assembly elects a new commissioner to assume office next July 1.

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Mr. Murphy has been a member of the insurance department for 17 years and because of his long association with NAIC, culminating in his election as president at the annual meeting in June a year ago, he has become a familiar figure in the insurance industry.

He entered the business in Charleston in 1929 and was identified with the life end until he joined the department in 1938. He was appointed commissioner in 1944, a post he resigned Nov. 1, 1945. He became securities commissioner of the state and served until Sept. 15, 1948 when he became insurance commissioner. He was elected for a full four year term at the beginning of 1949. He is a past president of National Assn. of Securities Administrators.

G. S. Brown Hits LUTC Location Preference Statement as Tardy

Life Underwriters Training Council's recent expression of its hope that National Assn. of Life Underwriters would continue to have its headquarters in the New York City area as being the best locality for LUTC has drawn sharp criticism from Gerard S. Brown, Penn Mutual, Chicago. Though he is chairman of the NALU federal law and legislation committee, Mr. Brown as an individual member wrote to Edmund L. G. Zalinski, vice-president of New York Life and president of LUTC.

Mr. Brown attacked the LUTC statement, which was reported in considerable detail in THE NATIONAL UNDERWRITER for Aug. 6 as being a belated expression of its preferences.

"Where was LUTC when the NALU board decided on Washington, and later, after reconsideration, on Chicago?" Mr. Brown asked. "If the question is as vital as the letter of July 30, 1954, asserts, why has it just been discovered that any location other than New York would confront LUTC with serious difficulties?"

"In view of the fact that LUTC is supported by the entire country, is it exactly gracious to interject itself into this controversy which is primarily upon the question of where NALU can function most effectively and economically? If that place should be a city other than New York, certainly it is hoped that LUTC would join but that would be a question for the LUTC board of trustees to decide just as it is for the NALU board of trustees to make its own decision, regardless of a threat of losing LUTC as a tenant.

"Where your letter especially loses its force, Ed, is in the long delay in speaking up, resulting in timing which inescapably gives the impression, whether correct or not, of a tie-in with the promotional campaign of one

(CONTINUED ON PAGE 10)

397 Pass All 1954 Examinations for CLU Degree

3,177 Set Passing Ratio of 69.2%; Conferment to be Sept. 22 at Boston

American College of Life Underwriters has released the results of the C.L.U. examinations given June 9-11. Of the 464 candidates who completed the series, 397 passed all examinations and join the ranks of the 5,177 who completed them in previous years. The examinations were taken this year by 3,177 persons at 140 regional centers on the campus of colleges and universities throughout the nation, Hawaii and two special military centers.

The eight week interval between the time the examinations are given and the release of the results is absorbed with the complex grading process. This year 40 persons participated in the grading, the major part of which was done in Philadelphia. Outstanding life insurance men and college professors serve on the grading panels. The passing ratio for all examinations written was 69.2 per cent, as compared to 66.5 per cent in 1953.

C.L.U. examinations continue to be taken on the installment plan, and there is evidence that the plan of taking one examination per year is becoming more popular. Only 10 persons took the entire series of five examinations this year, while 2,425 persons took one examination only.

The 5,177 who completed in previous years, plus an approximate 7,000 persons who have credit for one or more examinations, indicates that over 12,500 agents have demonstrated their knowledge and capacity in C.L.U. study.

In addition to meeting the age, moral character, educational and examinational requirements, a candidate for the C.L.U. and the C.L.U. associate designations must have at least three years of satisfactory life insurance experience. The C.L.U. award is made to persons whose experience qualifies on the basis of life insurance sales and service, managing, training or supervising those engaged in life insurance sales and service, or college and university teaching of life insurance.

The C. L. U. associate designation is available to persons whose experience is in the nature of life insurance company administrative activities or activities closely related to life insurance.

Credentials of the 397 candidates who completed the examinations this year, and whose names follow, will be reviewed by the college's registration board in the near future to determine if the experience requirements for the particular diploma the candidate is seeking have been met. Announcement of those who are to receive diplomas will be made about Sept. 3.

Conferment excercises of the college

(CONTINUED ON PAGE 12)

Late News Bulletins . . .

Metropolitan Industrial Deaths at New Low

Mortality among industrial policyholders of Metropolitan set a new low record of 650 per 100,000 during the first half of this year, according to company statisticians. The figure compares with 670 for the first six months of 1953 and 667 in the like period of 1950, the previous low. A lower death rate for female policyholders in every age group was noted, while the rate for males for all ages under 75 combined remained about the same. The only cause of death to show a rise was cancer and allied conditions, up to 129.5 from 124.8. Decreases were noted in cardiovascularrenal diseases, diabetes, tuberculosis, pneumonia, influenza, appendicitis, syphillis, and pregnancy and childbirth.

Revenue Service Rules on Agents' Commissions

WASHINGTON—Revenue ruling 309, recently issued by the internal revenue service, holds that commissions received by life insurance salesmen who do not have the status of employe constitute earnings from self employment for purposes of the social security tax on self-employment.

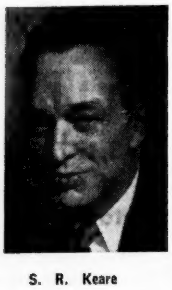
Revenue ruling 312 holds that full-time life insurance salesmen working primarily for one company are employes for social security purposes, that in general their commissions, including deferred or renewal commissions, are deemed remuneration for services performed at time sales were consummated,

(CONTINUED ON PAGE 10)

Cavanaugh Retires, Keare Elected to Head Federal Life

About 325 people assembled on Aug. 10 at a banquet in Chicago celebrating L. D. Cavanaugh's 40th anniversary with Federal Life of Chicago and the

L. D. Cavanaugh



S. R. Keare

election of Spencer R. Keare as president. Mr. Cavanaugh continues as board chairman and chairman of the finance committee.

Master of ceremonies was Claris Adams, executive vice-president and general counsel of American Life Convention, and his wit, sentiment and change of pace distinguished the program. He performed in masterful style despite the handicap of a bad case of laryngitis. He and Mrs. Adams had been playing in the national bridge tournament in Washington for the past seven nights. One of the speakers was Mayor Kennelly of Chicago who is an old comrade of Mr. Cavanaugh's. The banquet group included the entire home office staff and the agents in the area, together with the principal executives of a number of local companies.

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There were unveiled oil portraits of Isaac Miller Hamilton, Federal Life's founder and president for 40 years, and of Mr. Cavanaugh, the artist being John Doctoroff. Mr. Hamilton's portrait had been completed prior to his death by Mr. Doctoroff, but had not until now been unveiled. The presentation was made by the artist in person.

Others who spoke in appreciation of Mr. Cavanaugh and Mr. Keare were Joseph R. Frey, president of Lake

(CONTINUED ON PAGE 11)

Boyd Comments on Commonwealth's Stock Price Rise

With the stock of Commonwealth Life increasing from around $69 per share to $130 a share between the first of the year and the seven intervening months, with $17 of the increase within the past few days, it has been taken as an indication by some people that someone is attempting to get control of the company away from its present management.

However, Morton Boyd, president, says this is not true. He contends that the answer is that a "sophisticated group" in New York has come up with a new formula for appraising life insurance stocks on the basis that previous valuations have been too low. Under an appraisal system used many years, life company stock sold at a discount below liquidation value, a price lower than what the company would bring if it were sold. The new method of appraisal is based on current cash value, plus a reasonable value for likely increase in company earnings.

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Mr. Boyd contends that a life company's stock is based on a "growth business," and is not bought for "cash-dividend return." He called the activity in Commonwealth stock "pretty typical" of life insurance stocks' current popularity. He believes their increase in price is based on the new valuation system, that buyers have bought all the stock they want in other companies and are now picking up stock in smaller companies.

President Boyd said three years ago the company declared a 33⅓% stock dividend, but "a repetition of that isn't likely for three or four years hence." In a single transaction in May, 10,000 shares of Commonwealth stock were sold to eastern interests at $100 a share. The company's sales of ordinary and industrial life in Kentucky paid for in 1953 totaled $92,493,770, which was more than the combined sales in that state of any other three life insurance companies.

Fraser Calls for Support for U. S. Medical Schools

Peter M. Fraser, president of Connecticut Mutual Life, in his capacity as chairman of the life insurance division of the committee of American industry of National Fund for Medical Education, has issued a call to businesses for support of a nation-wide campaign by NFME for $10 million for the nation's medical schools.

Deficits totaling this amount are seriously impairing the schools' ability to train doctors, research scientists, and other medical personnel, he said. The budgets of the 80 medical schools in the country are $110 million and for the past few years they have been running in the red about $10 million annually. Their services are needed, particularly now, by industry, the government and a rapidly-increasing population.

Crash Burns Fatal to N. Y. Life Man

Frank J. Snyder, 45, assistant contract registrar of New York Life, was fatally burned by flaming jet fuel when an air force Thunderjet crashed and exploded in front of his home at Wantagh, N. Y. He was the only fatality of the crash other than the pilot. The plane was apparently guided by the pilot into the street to avoid striking a row of houses in the residential section in which it fell. Mr. Snyder was standing in the yard of his home when the crash occurred.

Last week it was reported that Mr. Snyder had passed a major crisis and doctors were preparing to graft skin from a donor over the burned areas of his body when his condition became critical.

A veteran of a great deal of army service with General George Patton in Europe, Mr. Snyder began his business career with New York Life and has been in the contract division of the agency department 30 years.

Western & Southern Names Keogh V-P

Following the recent acquisition of Pennsylvania Mutual Life by Western & Southern Life, Edwin M. Keough, former president of the Pennsylvania company, has been appointed 2nd vice-president by Western & Southern in charge of eastern Pennsylvania agencies. All of the field and home office personnel have likewise been taken over by the reinsuring company. Tentative plans are being made by Western & Southern for the construction of a modern office building on the site of the former Pennsylvania Mutual home office, which is across the street from the tremendous development under way in Philadelphia where the old Pennsylvania railroad station formerly stood.

Gen'l American Opens Agency, Names Foster

General American Life has opened a new agency in Atlanta and appointed Albert G. Foster as general agent. Mr. Foster who has been in life insurance for eight years was formerly with National Life of Vermont, New York Life and Mutual Benefit. He paid for $1,200,000 in new business last year and qualified in 1953 for the Million Dollar Round Table.

GAMC Nominators Name Guon to Head Unit

The nominating committee of General Agents and Managers Conference of NALU has named Martin M. Guon, Metropolitan Life, Chicago, as its choice to replace Fred E. LeLaurin, chairman of the GAMC education and training committee, who has resigned because of ill health. The nominating committee stressed that Mr. Guon was a particularly fitting choice from the viewpoint of location and the fact that he is a combination manager.

Women's QMDRT Meet Is Set for Boston

The Women's Quarter Million Dollar Round Table will meet as usual during the annual meeting of the National Assn. of Life Underwriters, to be held this year at Boston, with a Round Table banquet Sept. 21 as the usual high spot of the convention for the women in attendance. The speaker will be Carrol M. Shanks, president of Prudential. There will also be a joint round table and women's committee luncheon the following day, with the theme "Hats Off To The Women." The group has a listing of 227 voting members for 1954-55.

Pru Opens Another Mich. Office

Prudential has opened a second office at Saginaw, Mich., under the management of George B. Stemkoski, to serve policyholders in Saginaw, Midland and Bay City area. Mr. Stemkoski has been a special agent in the company's Flint agency. He is an army veteran.

SURVEY SPOTLIGHTS POTENTIAL SALES

Scale-Down of Installment Debt Makes $3,000-$7,500 Earners Better Prospects

BY EDWARD STONE

Sales of life insurance continue to make sizable gains but the share of his dollar that the consumer is putting in life insurance hasn't increased during the past two years and is still considerably below the prewar levels. There are various good reasons for this, but naturally, interest centers on whether it is possible for the consumer to put a greater proportion of his disposable income in life insurance under the present circumstances. The recently issued last-of-the-series of the 1954 *Survey of Consumer Finances* prepared by the federal reserve system and the University of Michigan opens up some interesting possibilities.

What it shows is that now, when installment debts are being paid off, is the time to interest the public in securing more life insurance and that those in the best position to buy are the persons in the $3,000 to $7,500 income range.

Here is how this conclusion is arrived at: Obviously, the amount that can be made available for the purchase of life insurance depends upon how much the consumer has to spend, as well as upon his spending and saving habits. The amount that he puts into fixed commitments, of course, plays an important role in how he handles his income. Life insurance represents one of these fixed commitments and yet, despite increasing income, the American public on the whole has not since 1941 placed more than 3.6% of disposable income in life insurance.

Edward Stone, economic consultant of Institute of Life Insurance, was invited by The National Underwriter to comment on the life insurance sales significance of information contained in the 1954 Survey of Consumer Finances prepared by the federal reserve system and the University of Michigan. Mr. Stone's article points out some encouraging developments in the life insurance market in the $3,000-$7,500 income group.

Is it possible to increase this share of the consumer's dollar that will be spent on life insurance? Life insurance, of course, is not the only fixed expense, and in viewing the situation it is necessary to keep in mind that there are other fixed expenses. Furthermore, it is possible to draw a sharp line between the individual's fixed expenses and his other outlays, especially since he will tend to regard as among his "fixed" expenses not only the amounts he has obligated himself to pay on contracts, but also the sums necessary to maintain the standard of living to which he is accustomed.

There are, however, certain important expenditures which do seem to be relatively insensitive to economic change—that is, the consumer makes every effort to keep up these payments. Therefore, if it is possible to determine what these expenditures are and to measure them, it is also possible to get some idea of how the consumer can and probably will spend his income. This is what the latest of the *Consumer Survey* series does. It measures the part of his income that the consumer spends in three broad classes of fixed commitments:

1. Housing payments.
2. Security payments which include life insurance premiums, pension or retirement payments and social security payments.
3. Installment debt payments which cover regular payments on personal non-mortgage debts, exclusive of charge accounts.

One point before we discuss this matter any further: The amounts that will be spent by different people for these various categories will depend, of course, upon their income and when we mentioned that 3.6% represents the average amount of disposable income spent for life insurance, we must keep in mind that it *is* an average and does not represent any particular individual. On the contrary, the percentage spent for this purpose varies depending upon income.

Furthermore, when a contrast is made with the '20s and early '30s, account must also be taken of the changes which have occurred in the thinking of the American public since that time. We have become more security-conscious and as a consequence, pension and retirement funds and social security payments have become more important than was true in those earlier days when there were no such payments to be made.

The *Survey* shows that nearly all spending units had some fixed claims upon their income. The amount of these fixed claims relative to income was less than 30% for two out of every

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Set Card for Negro Insurance Meeting

The 34th annual convention of National Negro Insurance Assn. to be held in Durham, N. C., Aug. 31-Sept. 3 will have as a theme "A Reappraisal of Fundamentals." P. L. Prattis, executive editor of the *Pittsburgh Courier*, will be the principal speaker at the public meeting the opening night.

At two noon-day luncheons, speakers will be Dudley Dowell, executive vice-president of New York Life, who will talk on some phase of the "Negro market", and Holgar J. Johnson, president of Institute of Life Insurance, who will talk on "Public Attitude and Its Significance."

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Among other speakers scheduled are: Maceo Walker, president of Universal Life: Edward S. Gillespie, vice-president Supreme Liberty Life; Benjamin J. Johnson, secretary Peoples Life; Louis C. Blount, vice-president-secretary, Great Lakes Life; Roy C. Breaux, investment counselor Equitable Securities Corp., and Frederick J. Vieth, Francis I. DuPont Co. investment counselor.

On the social side, the convention's entertainment will be highlighted by the appearance of Lionel Hampton and his orchestra, sponsored by American Tobacco Co.

North Carolina Mutual Life and Winston Mutual Life are co-hosts to the convention. Acting president of the National association is Clarence L. Townes, Jr., who took the place of J. Leonard Lewis who died some six months ago after two months as president. Mr. Townes is expected to be named president at the convention. The executive director of the association is Murray J. Marvin, Jr.

J. M. Smith Heads New Hancock Agency in Wash.

James M. Smith, who has been assistant general agent for John Hancock at Atlanta since 1952, has been appointed general agent of a new agency at Spokane. He entered the business with John Hancock at Seattle in 1941 and in 1949 joined the general agency staff at the home office.

James M. Smith

The new general agency will serve eastern Washington, northern Idaho and western Montana.

Hansch to be General Agent of Mutual Benefit at Dallas

Mutual Benefit Life has named August C. Hansch, now with the company's Cook agency at Chicago, as general agent at Dallas, effective in the fall. He joined Mutual Benefit in 1947 as assistant sales promotion manager, became director of sales services in 1950 and went with the Cook agency in 1953.

He was instrumental in setting up the company's brokerage program and developed several sales tools, among them Mutual Benefit's "comparator", a visual device for the comparison of policy provisions. He was the first president of the Gotham group, an organization of New York City life insurance advertisers.

North American Life Names Crane Manager

Karl A. Crane has been appointed agency manager for Racine, Kenosha, and Walworth counties, Wis., for North American Life of Chicago. Mr. Crane, who has been in life insurance for more than 15 years and has had experience as a field assistant and a home office field man; he began as an agent with Equitable Society in the Milwaukee area. More recently he was with Old Line Life as a training assistant at Milwaukee, later becoming general agent at Racine.

Neb. Institute Plans Made

Committees have been named and plans made for the third biennial Nebraska Insurance Institute, to be staged Oct. 8-9 at the University of Nebraska by Insurance Federation of Nebraska and the university. General chairmen are E. J. Faulkner, president of Woodmen Accident, and Dean Earl S. Fullbrook of the university.

Six papers on current insurance problems will be presented the first day and two the second day. A luncheon and banquet are scheduled for October 8, and participants will attend the Kansas State-Nebraska football game Oct. 9. About 450 are expected to attend.

Life Advertisers Ready Annual Card

Ralph Lounsbury, president of Bankers National Life and American Life Convention, will be a featured speaker at the annual meeting of the Life Advertiser's Assn. Sept. 27-29 at the Sheraton-Gibson hotel, Cincinnati. Mr. Lounsbury will address the opening session at 10 a.m. the first day on "Significant Sights to See."

Other speakers include Stephen A. Douglas, director of sales promotion, Kroger Co.; William Werner, director of public relations, Proctor & Gamble; and W. T. Grant, board chairman, Business Men's Assurance. More than 200 life insurance companies throughout the United States and Canada are members of LAA and a majority will be represented by one or more delegates at the Cincinnati conclave.

"LAA Men Wear Many Hats" will be the general theme of this year's meeting, with individual subjects such as "Fedora or Feather—We Travel Together" as variations of the main topic. Approximately 15 speakers will be announced shortly for other convention sessions.

Jack R. Morris, vice-president and director of public relations, Business Men's Assurance, will preside at the opening session. The president's reception will be held Monday evening in the ball room of the hotel and a reception and dinner is scheduled for Tuesday evening. Another anticipated feature of the convention will be the display of exhibits in a score or more classifications, of company field magazines and newspapers, annual reports, national newspaper advertising, national magazine advertising, public relations and other material to motivate agents.

330 Teachers Participate in Financial Workshops

Forty-four teachers were graduated from the fifth family financial security education workshop conducted by University of Pennsylvania with the support of Institute of Life Insurance. The purpose of the workshops, in which a total of 330 teachers participated this summer, is to study the basic facts of sound family financial planning.

Principal speaker at the fifth workshop was Dr. Paul Collier, head of the bureau of youth services of Connecticut department of education.

Security Education, New York City, which sponsors the workshops, will expand its program next summer with workshops at 12 universities. Secretary of the committee, R. Wilfred Kelsey, also is director of financial security education of the institute.

Rand, Carlson Move Up

Prudential has made two promotions in its Mid-America home office. Wesley E. Rand, Jr., becomes manager of the A&H sales and service department and Robert Carlson has been made senior training consultant.

Plan New Federal Life H. O.

Federal Life of Chicago has retained the firm of Childs & Smith, Chicago architects, in planning its new home office building which it intends to erect on a 5½ acre tract purchased about a year ago just north of Chicago. The earliest ground-breaking is estimated not to be before next spring, according to Board Chairman L. D. Cavanaugh. In line with the latest in insurance office building planning, the building is to be on a horizontal rather than a vertical basis, not to exceed two stories.

VARIETY IS "BEWILDERING"

Picking Right Mutual Fund Demands as Much Savvy as Playing the Market: Wood

To the innocents, a mutual fund is a mutual fund. But actually there are so many different types of these investment companies, each pursuing its chosen course, that a would-be investor needs about as much sagacity, background information, courage, and financial acumen as if he were investing in the stock market direct, if he is to have any chance of knowing whether he is making a wise—for him—choice in buying what the mutual fund salesman of the moment is pushing.

J. Harry Wood

That is the impression gleaned from reading the article on investment companies by J. Harry Wood, editor of the *Journal* of the American Society of CLU and professor of management at Washington university, St. Louis, which appears in the current *Journal*. Knowledge of the bewildering variety of investment companies that are merchandising their wares today is something that life insurance agents should find useful in dealing with prospects who want to put money into mutual funds that should go into life insurance. Even if the prospect is determined to buy fund shares the life agent's help in giving unbiased information on the different kinds of funds available and how they would fit in with the prospect's financial program should be appreciated and add to the life insurance man's prestige as an all-'round adviser on financial matters.

There are so many different kinds and types of investment companies that even the name varies, Mr. Wood points out. They have been called, from time to time, investment trusts, mutual funds, and investment companies because their managements have broad discretion in selecting securities for investment, and in making changes from time to time in the portfolio.

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There is an implicit assumption in all favorable discussion of investment companies that they have staffs with the ability to select and once having selected, wisely manage. The truth of this cannot be attested, for an organization with the intention and presumably with the means to select, diversify and manage securities is not necessarily or automatically successful. The individual investor does not escape the necessity for selection and a type of supervision if he invests in shares of mutual funds.

Mr. Wood quotes this from a *Forbes* magazine article, *The Truth About Mutual Funds*: "Some mutuals have achieved results far better than the average small investor could accomplish for himself. Others just equal blind chance. And a third and sizeable group shows few results but expensive managements . . . Probably no mutual will ever do as well as a well-informed investor with adequate means. Over-diversification (often as serious a mistake as under-diversification) and large blocks of stocks that hamper complete flexibility are telling handicaps. But for the small investor with inadequate knowledge or means, successfully operated mutuals offer a convenient investment, medium. And the only real clue to a mutual's future lies in its past."

This statement, Mr. Wood comments, is really not startling, since different companies in any one industry show greatly varying results. It merely proves again that one cannot hope to make sound decisions as to which company to choose without some experience, background or study.

All investment involves the assumption of some risk in the search for gain, either income or appreciation or both. Selection of the right security reduces the risk, diversification further minimizes it, and careful, intelligent supervision enables the buyer to foresee increasing risk or superior opportunities.

The assumption underlying the philosophy of the *raison d'etre* of investment companies is that many investors do not have the facts, experience or judgment to select; few have sufficient resources to adequately diversify, and fewer yet have either the time or the ability to supervise competently their investments. In that connection Mr. Wood quotes this from Supreme Court Justice Brandeis' *Other People's Money*:

"The number of securities upon the market is very large. For a small investor to make an intelligent selection

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FRATERNALS

Maccabees Schedule Quadrennial Rally

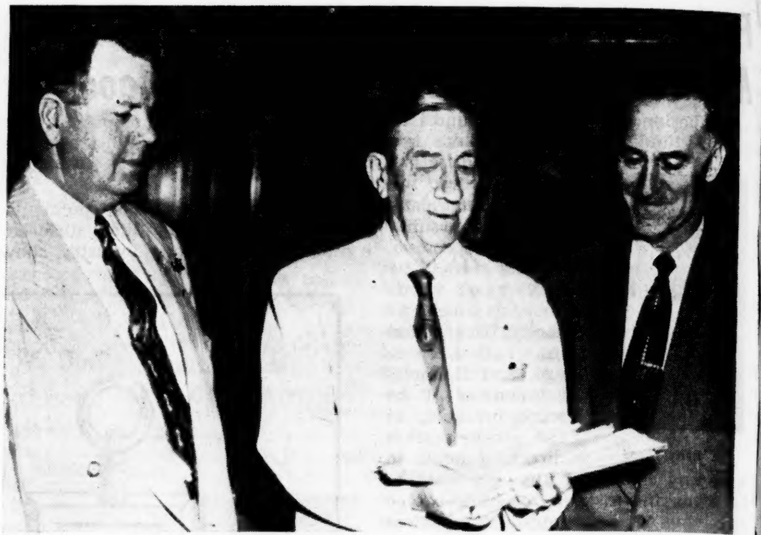
The Maccabees Supreme Review, the society's quadrennial convention, will be at the Morrison hotel in Chicago, Sept. 9-10. This is the first convention since 1925 that has been held away from Detroit, the society's international headquarters. Supreme officers and delegates while in Chicago will transact business and hear the report of progress of the society since the last convention, the principal business being the amending of the by-laws and the election of officers.

Friday afternoon, Sept. 10, will be devoted to memorial services for officers and field personnel who died during the four-year period. Following these services the newly elected supreme officers will be installed.

On Thursday evening a banquet will be held in the Terrace Casino of the hotel, one attraction of the evening being entertainment provided by the Maccabees Choralairs. This chorus is composed of 40 home office employes. Juniors from Glynn Court in Detroit will also entertain the group with a skating-dancing act. There will also be a professional floor show.

The National Supreme convention will be held during the week of Sept. 13-17, after which Maccabee field representatives will meet at the Antlers hotel in Colorado Springs. Field Director R. O. Shepler, President John C. Lehr, and the society's board of trustees will act as hosts.

Woodmen President Celebrates Birthday



Farrar Newberry, president of Woodmen of the World, is shown admiring birthday greetings sent him by the members of the society's field force on July 30. The remembrances were specially prepared by the field department and included appropriate greetings and a memorandum of the amount of new life protection written by the respective field worker in honor of the occasion. New life protection, paid for, totalled $1,100,000. Flanking President Newberry in the photo above are Field Manager J. R. Sims, (left) and Associate Field Manager John N. Cochran. They arranged the special event and also made the presentation to the Woodmen leader. The birthday production will be added to the totals of the society's "Father and Son Special" membership drive now being conducted nationwide. It opened July 1 and will conclude Sept. 4.

Life Company Real Estate Investments Up $35 Million

The total real estate investment of all U. S. life insurance companies rose to $2,129,000,000 during the first half of this year, an increase of $135 million since Jan. 1, according to Institute of Life Insurance.

Realty acquired was valued at $156 million, and of this $32 million was home office and company-used properties, $16 million rental housing and $106 million commercial and industrial properties acquired for rental purposes. Aggregate holdings of these business properties now are $1,171,-000,000, with the great bulk acquired since 1945.

Caskey Is Group Manager

Robert E. Caskey has been appointed group manager for New England Mutual at San Francisco and will service all the company's agencies in northern California. Mr. Caskey was formerly group manager for Connecticut General at Chicago. He was also for a time with United Air Lines and had been vice-president in charge of public relations for California Eastern Air Lines in Oakland.

The company observed its 48th anniversary July 25 and marked the occasion by issuing several new sales plans.

● In lieu of the usual monthly business meeting and program, *Life Managers and General Agents Assn. of Milwaukee* will hold a social hour and dinner at the Plankinton hotel August 30 after whch they will leave by chartered bus to see the Milwaukee Braves play the Brooklyn Dodgers.

Insures Treatments for Handicapped Children

Pilot Life has developed a "parents-protection" policy which would insure "exceptional children" and would pay benefits up to $10,000 to treat and care for a handicapped child born to holders of this policy. Another Pilot policy to be issued sooon would be old only to women at a cost lower than the premium rate for men. The lower rate is based on studies which show that women have a longer life span. The policy would be sold to married and single women.

FTC Appoints 'Task Force'

WASHINGTON—The federal trade commission has appointed a "task force" of four attorneys to check up on compliance with orders, stipulations and trade practice rules relating to advertising. This step was recommended in a management survey of the commission. Their mission is to examine national and regional advertising by all who are subject to trade practice rules and by respondents to commission cease and desist orders and stipulations.

The operation will be under supervision of Assistant General Counsel Morehouse. FTC said the task force attorneys are empowered to initiate action.

Franklin C. Tyson, Norman C. Geary and Elliott Ebright have gone with Connecticut General Life at Evanston, Ill. Joseph C. Ladd is manager. The Evanston office began operations on July 1. All three men were with the company since 1953 as sales representatives in the Chicago office.

Tax Bill Clarifies Action for Pension Field; Goldstein Lists Salient Points

With the passage of the internal revenue code "we now know where we stand in the pension and profit-sharing field; the act contains the prior law with liberalization in many areas," according to Meyer M. Goldstein, executive director of Pension Planning Co. of New York City.

The bill as enacted contains 12 new points with respect to pension and profit-sharing plans:

1. Extends the long-term capital gain treatment to non-trusteed annuity plans.

2. Extends the long-term capital gain treatment to total amounts payable by reason of the death of an employe after his separation from the service.

3. Extends the long-term capital gain treatment to total amounts contributed after Dec. 31, 1953, and before Jan. 1, 1955, as a result of the complete termination of the plan if the termination is incident to the complete termination of the business of the employer prior to the enactment of the bill.

4. Provides for deductions of contributions by resident employers to foreign trusts and allows the same tax treatment to distributees of such trusts as is applicable to distributees of resident trusts.

5. Remove from the deduction limitations applicable to pension and profit-sharing plans contributions to certain welfare funds previously negotiated.

6. Extends the time for making contributions to exempt employes' trusts and under qualified non-trusteed plans to the filing date of the employer's tax return, including extensions of time in which to file.

7. Extends the $5,000 death benefit exclusion to pension as well as profit-sharing and stock bonus trusts, and to non-trusteed qualified annuity plans, with respect to total payments in one taxable year, regardless of whether the employe had a nonforfeitable right under the plan prior to death.

8. Extends the benefits of the statute of limitations to an exempt employe's trust by providing for the filing of a simple return.

9. Allows deductions for contributions made up under a profit-sharing plan of an affiliated group by members having profits and which are used for employes of the loss member.

10. Excludes from the gross estate of a deceased employe the value of an annuity or other payment receivable by a beneficiary under an exempt employes' trust or qualified non-trusteed annuity plan, except for the portion attributable to the employe's own contributions.

11. Subjects investments of an employes' trust to the prohibited transactions provisions applicable to exempt organizations.

12. Subjects to tax the unrelated business income of an employes' trust.

The rules are complex but understandable. They are rules insurance men have lived with and worked with, Mr. Goldstein said, and they accomplish the desired result of encouraging plans for employes within established classifications but, at the same time, preclude discrimination in favor of the top group. This may not be simplification; it is, however, liberalization without discrimination.

Standard Life, Ind., Brings Out New Policy

Standard Life of Indiana has introduced a new high minimum face amount retirement policy which has the lowest guaranteed premium quoted by any life insurance company in the world for a similar policy, according to Harry V. Wade, president. Named the "Golden Years Policy" it provides insurance protection to age 65 and at that time the policyholder has his choice of several options, including two different retirement incomes for life.

The policy is issued in minimum amounts of $10,000, spreading costs, with the savings in overhead reflected in a lower premium.

Last year Standard Life brought out its first minimum-low premium "Gold Standard Policy". It is an ordinary life contract with a minimum face amount of $15,000. Mr. Wade said the "Gold Standard" is currently leading 1954 sales over all other policies in volume. Therefore, the "Golden Years" was designed and is currently being supported by a national advertising and highly developed sales promotion campaign.

One feature of the "Golden Years" is that the same premium is required and identical "age 65 benefits" given to both male and female policyholders. Insurance protection prior to age 65 is the face amount or the cash value, whichever is greater.

At age 60 the insured may discontinue paying premiums and take a life income, the size of these income payments depending upon the length of time the policy has been in force.

The policy is being packaged in a special folder which eliminates the use of the usual policy envelope. On the cover of the container the policyholder's signature appears in gold imprint.

Mr. Wade commented that one of the satisfactions in equipping Standard's agents with high minimum policies is that it educates the salesman in selling larger policies. When an agent approaches a prospect with such a contract he is unable to retreat to a smaller amount and therefore discovers that he can actually sell the larger face amount.

Prudential Appoints at Pittsburgh

Prudential has appointed Herbert B. Gartley district manager at Pittsburgh, succeeding Barney Lipka, who is retiring. Mr. Gartley joined the company in 1945 and most recently was staff manager at Rahway, N. J.

N. E. Mutual Ordinary Hits Peak for 4th Time

New England Mutual's sales of new ordinary during the first six months of 1954 reached an all-time peak for the fourth consecutive year, President O. Kelley Anderson reported. Total new business in the period amounted to $219.1 million.

Insurance in force increased by $132.6 million or 3.63% to a new high of $3,383,000,000. Assets topped the $1.5 billion mark.

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While premium and investment income increased 7% over last year for a total of $101 million, the average new policy jumped from $6,478 in the first half of 1953 to $6,688.

A total of $105 million was invested through June at an average rate of 4.28%, contrasted with 4.13% in the first half of 1953, and policy loans increased by $1.6 million but continued to decline as a percentage of assets, the current ratio being 3.3%. Establishment of a group office at Los Angeles put the company into the group business coast to coast.

EDITORIAL COMMENT

New Skills Need Constant Cultivating

Remember that fellow Flesch who wrote a book called *The Art of Plain Talk* to get people to write like they talk? Well, in his latest book, *How to Make Sense*, he gives out with more along the same line but he brings out another point that should interest everybody who is trying to improve his use of words—or for that matter anything else: It isn't enough to know the rules for writing like you talk; you have to keep putting the rules to work until they really get to be a habit.

In other words, there has to be continuous follow-up or you get tired of what you know you ought to do, even though you agree it's a fine thing and produces improved results. Habits of years, maybe a lifetime, are hard to break. They sneak back when you think you've licked them.

This follow-up is important in a lot of other ways besides writing. Insurance educators have oberved that no matter how good a training course is it must be followed up all the time to see that the agents don't backslide. They don't mean to backslide, they may even think they are following the course's precepts as faithfully as ever. But first thing you know, they are doing it the old, wrong, inefficient, ineffective way.

Even when an agent has doped out a selling technique that works especially well for him, he is altogether too likely to let it slide after the novelty has worn off. Maybe he gets bored by it. But the chances are that he drops the plan mainly because he didn't use it long enough so it became his standing operating procedure instead of whatever SOP he was using before.

What happens when this backsliding tendency is recognized and dealt with? One of the fastest-growing life companies uses canned sales talks and teaches its agents to operate as specialty salesmen, not estate planners or life insurance counsellors. It is not enough for these agents to read these prepared talks, learn them by heart, and then use them until they work out something better for themselves. The company constantly emphasizes that they are to use these talks at all times and use no others.

The important part that habit plays in everybody's lives is of course nothing new. William James, the psychologist, stated it forcefully years ago and so have many other psychologists since then. Nevertheless, Mr. Flesch has done a worthwhile service in reemphasizing the fact that there is hardly any procedure, no matter how obviously good and effective it may be, that is powerful enough to form its own habit-track in the individual's mind. The trouble is, everyone has so many old, bad habits that are so much more firmly rooted than he realizes. These wrong habits are not displaced by the good new ones, even though they seem to be. They are always there, trying to crowd out the new and better ones. Too often they succeed.

That doesn't mean that sound self-help techniques that Mr. Flesch and others prescribe are nothing but gimmicks that sound workable but wash out in practice. Actually, anybody can overcome ingrained habits and become a conversational-type writer, a smart manager of his own time, or a courteous motorist. But the old habits are not so dead as they seem. They will need to be kicked into submission again just about when you thought they were safely disposed of.

PERSONAL SIDE OF THE BUSINESS

Ralph H. Kastner, American Life Convention general counsel, and Mrs. Kastner have returned from a month's trip to Europe, going and returning by air.

Charles C. Fleming, editor and assistant vice-president of Life of Virginia, received a scroll from Southern Round Table of Life Insurance Advertisers Assn., expressing "appreciation for his long and distinguished service, esteem and affection for him as gentlemen and as friend, and best wishes for his well-being to the end of his days." Mr. Fleming was an early chairman of the Southern Round Table and served as president of LIA.

Edward T. Magee, special representative of North American Life in Lansing, Mich., was guest of honor at a testimonial birthday dinner marking his 65th birthday. Mr. Magee has spent more than 30 years in the field. Among those attending were J. A. McCamus and Ed Morton, assistant general manager and supervisor of agents, respectively, from the Toronto home office, and W. H. Armitage, manager at Lansing, Mich.

Emil A. Harr of Buffalo has been appointed to the board of trustees of the Maccabees to fill the vacancy created by the death of R. D. Robinson of Pittsburgh. Mr. Harr has been with the Maccabees for more than 30 years. He is Great Lieutenant Commander of the New York Great Camp.

Richard G. Mulholland, assistant manager of the underwriting department of Colonial Life, was chairman of the annual girl's field and track meet sponsored by Kiwanis Club of East Orange, N. J., and East Orange recreation commission.

Gordon Browning, vice-president of Tennessee Valley Life, Jackson, was defeated in the democratic primary for governor of Tennessee. He lost to the incumbent, Frank G. Clement. Mr. Browning has served two terms as governor.

S. J. Hay, president, and **Robert F. Weichsel**, vice-president-treasurer, Great National Life, have been elected to the board of First National-Dallas National banks.

John D. Barnard, district manager for Metropolitan Life at Watertown, N. Y., has been named chairman of the 1954 fund-raising campaign for the Watertown community chest.

Levering Cartwright, insurance journalist, Chicago, is leaving for Brazil Aug. 16 to attend the Hemispheric Insurance Conference being held in Rio de Janeiro and Sao Paulo, Aug. 19-28. He will be gone about three weeks.

DEATHS

HERBERT N. FELL, 83, former general agent of Massachusetts Mutual Life in New York City, died at his home in Hollywood, Cal. He was credited with being the originator of the "baby bond" idea for federal financing. He discussed with President Franklin D. Roosevelt the plan of issuing $25 bonds that was adopted in 1935. A brother, T. R. Fell, also a general agent of Massachusetts Mutual in New York City, died some years ago.

MILO B. CLANAHAN, 90, retired life insurance broker at East St. Louis, Ill., died. Mr. Clanahan came to East St. Louis in 1901 and was active in the insurance brokerage business until 1951.

MRS. ANNE FOLLMANN, 41, wife of J. F. Follman, Jr., manager of Bureau of A&H Underwriters, died in New York City of cancer. She was a successful stage and TV actress.

E. FORREST MITCHELL, 84, insurance commissioner of California from 1929 to 1935, died yesterday at his home in Belvedere, Calif., from a heart attack. In addition to having been insurance commissioner, he had served as private and executive secretary to Governors James N. Gillett and Hiram Johnson, and in recent years as secretary to the state highway commission. He was one of the prominent figures in the legal proceedings following the failure of the Missouri State Life.

FRANK A. McNAMEE, SR., 88, general agent at Albany for Equitable Society until his retirement several years ago, died at Albany hospital after a brief illness. He was with the company for 58 years.

Group Drive Honors Wyatt

Clarence W. Wyatt, vice-president in charge of group operations of John Hancock, was honored with a testimonial new-business campaign in recognition of his 10th anniversary as vice-president and his 33rd anniversary with the company.

Dedicating its production for the first seven months of 1954 to Mr. Wyatt, the group sales and service department presented him with a record volume of $263,829,797 of new group life, and $6,944,659 in group insurance premiums. The seven-months period represented one of the greatest periods of production in the department's history. The Boston group office produced 30% of this total.

Scott Ace of Equitable

Martin I. Scott, Los Angeles, was top producer of Equitable Society for the period in which its agents qualified for the 95th anniversary conference, July 1, 1953, to June 30, 1954. Second was M. Lee Alberts, Chicago, and third was Thomas A. Ferns, Columbus, O.

Coggins Joins LUTC Staff

John T. Coggins, Jr., since 1952 agent for Phoenix Mutual Life at Newark, has joined the LUTC headquarters staff as a training assistant. He will work with Pasquale A. Quarto, director of training, in the preparation of training materials and will coordinate the LUTC library which serves as a clearing house for training information. He is a graduate of the Wharton school.

Northwestern Loans $2.4 Million

Proceeds of a $2.4 million loan by Northwestern Mutual Life will be used to finance a new water district for Clermont county, O. Made on a 4% revenue bond basis, the loan is similar to approximately 78 other water revenue bond issues carried in the Northwestern portfolio with a total asset valuation of approximately $27 million.

Dr. J. B. Steele Retires

Dr. John B. Steele, vice-president and medical director of Volunteer State Life, has retired after 43 years with the company.

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KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.
PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.
PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.
SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

Laing Raised to V-P Heads New Pru Dept.; Cobb Is Successor

Prudential has established a planning and development department and in this connection has made these personnel changes: Charles B. Laing, 2nd vice-president at the regional home office in Chicago since 1953, becomes vice-president to head the new department, which will be under the direction of Executive Vice-president Valentine Howell. Raymond W. Cobb, executive general manager in the north-central home office in Minneapolis, becomes 2nd vice-president to succeed Mr. Laing in Chicago.

Assisting Mr. Laing will be Francis S. Quillan and William P. Lynch, 2nd vice-presidents. Cooperating in the new project are Harry J. Volk, Los Angeles, vice-president in charge of western operations; J. Edward Day, associate general solicitor, and Wendel J. Drobnyk, associate actuary.

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Further changes are: Joseph M. Savage, general manager at the home office in Newark, promoted to executive general manager to supervise the debit policy, ordinary policy and claim departments, and William J. McBurney, executive general manager, at Newark, transferred to Minneapolis to replace Mr. Cobb.

To be absorbed by the new department are the methods and personnel research division of the general office administration, and the agencies methods and agencies research divisions of the agencies service department.

Mr. Laing joined the company in the actuarial department in 1930 and in 1936 transferred to the comptroller's department and worked out a cost analysis system which is still in use. In 1947 he was elected 2nd vice-president in charge of the home office's personnel and methods work and subsequently was put in charge of coordinating the regional home offices.

Graham Is Franklin Gen'l Agent in Mo.

Wayne Graham, formerly of the Ozark division of Franklin Life at Springfield, Mo., managed by Guy A. Cowden, has been named general agent in Lebanon, Mo. This is part of an expansion of the Ozark division which will involve the appointment of general agencies throughout their Missouri territory.

Wayne Graham

Mr. Graham, who will be in charge of Franklin's operation in Laclede and Camden counties has been with Franklin in Springfield since 1947. He replaces Robert Conner who represented the company in Lebanon for more than 20 years, until his death early in 1953. Mr. Graham has qualified for the National Quality Award for the past two years. He is an army veteran.

ALC Names Russell in Publicity Post

James Russell has gone with American Life Convention in an editorial and publicity capacity. David F. Barrett, who intermittently has served the convention in this capacity since 1927, will now devote his full time to the trade paper news and publicity service he operates in St. Louis. He will remain on a part-time basis with the convention until the annual meeting at Chicago in October.

Mr. Russell, a graduate of Grinnell College, took his M.A. at the University of Chicago and taught English there as well as at Northwestern University and Elmhurst College before leaving the teaching profession in 1951. He has also been in the mail order business with John Plain Co. and the N. Shure Co. He is an army veteran.

Continental Assurance Opens Indiana Office

Continental Assurance has opened a new Indianapolis office under James A. Barbour, agency manager, which will specialize in brokerage service to general insurance men and life underwriters with surplus and sub-standard lines. The new office will be in addition to representation through John A. Bruhn. Henry T. Pigon has joined the staff of the Chicago staff as assistant manager to take over the unit previously handled by Mr. Barbour.

Entering life insurance as an agent in 1937, Mr. Barbour progressed through a series of field management assignments with Metropolitan Life,

Howard C. Reeder, executive vice-president of Continental Assurance (center), congratulates James A. Barbour, left, on his assignment to head Continental Assurance's new office in Indianapolis and Henry T. Pigon who took over Mr. Barbour's former unit as assistant manager with the Chicago branch.

joining Continental in 1951. Active in work sponsored by the Chicago Life Underwriters Assn., Mr. Barbour was appointed LUTC chairman for 1954. During the period when Mr. Barbour was with the Chicago branch, he trebled the volume of this unit which on his departure was running 35% ahead of its 1953 record.

Mr. Pigon began in life insurance in 1942 with Metropolitan, becoming an agent in 1950. Subsequently, he was made assistant manager in which position he was serving when he joined Continental.

N. C. Assembly May Restudy A&H Cancellation Proposal

The second report on A&H cancellations to be submitted by an industry committee, named last year to study the problem, has prompted the chairman of a public committee working on the same problem to predict that the 1955 session of the North Carolina general assembly will be asked to approve legislation preventing sudden cancellation.

The prediction came from Rep. H. Clifton Blue, Aberdeen, whose committee is working on the same question. The industry committee recommended last fall that a regulation be adopted prohibiting cancellation of policies which had been in force for three years unless benefits paid at least equalled premiums collected. The recommendations also would have required companies to state in their filings what their cancellation policy would be.

The public committee declined to approve the recommendations in January, although it did not reject them, and at the same time suggested that the cancellation policy be stated in 14 point type on a separate sheet of paper submitted to the customer for signature.

Results for First Six Months Given

	New Life Ins. Bus. 1954 $	New Life Ins. Bus. 1953 $	In Force Inc. 1954 $	In Force Inc. 1953 $
Bankers of Iowa	91,486,982	79,087,617	62,370,120	51,722,751
Bankers L. & C.	155,168,694	126,416,056	43,238,893	75,919,303
Central Standard Life	12,485,486	12,403,618	1,667,124	1,526,695
Commonwealth Life	45,500,990[1]	48,281,166	23,603,118	31,193,384
Franklin Life	200,118,164	183,806,888	109,407,379	134,535,948
General American Life	43,070,088[4]	130,276,727	—18,610,726	108,212,094
Great Southern	50,255,275	51,198,977	27,943,240	31,977,716
Liberty Life	32,962,520	27,573,857	15,600,393	16,203,116
Life & Casualty	*110,684,436	*103,856,258	28,630,391	41,345,765
Manufacturers Life Canada	108,505,330	103,067,288	70,827,733	63,110,726
Midland Mutual	15,453,393[2]	15,529,707	7,638,736	9,599,523
National L. & A.	450,534,777	426,383,782	125,086,296	183,139,360
North American Life	11,592,862	9,981,015	4,414,422	3,849,415
North American Life, Can.	58,223,475	53,010,165	41,608,020	43,076,253
No. American Reassurance	75,416,000[3]	54,933,600	25,158,500	10,263,500
Northwestern Mutual Life	286,498,558	279,431,219	168,978,575	178,538,995
Ohio National	50,530,444	46,017,595	26,273,086	26,434,819
Pan American	65,317,060[5]	68,293,661	32,944,760	31,543,560
Paul Revere Life	31,862,962	27,432,668	25,414,889	22,467,851
Philadelphia Life	25,062,138	22,008,697	13,456,427	13,758,161
United States Life	90,058,611	56,649,899	65,484,948	—85,888,905

[1] Figures exclude industrial insurance. New business figures include the following amounts of increases and revivals for 1954 and 1953, respectively: [2] $525,594, not given; [5] $8,843,227, $4,833,719; [4] $1,504,000, $89,021,330. [3] Includes life reinsurance only.

Davis General Agent for Gen'l. American

Lester R. Davis has been appointed general agent in Manhattan, Kan., for General American Life to succeed Fred M. Huey who requested to be relieved from the post to devote more time to personal production. Mr. Huey continues with the Manhattan general agency as a district manager.

Mr. Davis began on life insurance in 1952 as field representative and agency supervisor for Phoenix Mutual in Independence, Kan. Prior to that he had been with a large retail concern and a publishing company there. He is an army veteran.

G. S. Brown Calls LUTC Location Statement Tardy

(CONTINUED FROM PAGE 1)

city in a deliberation which has unfortunately developed into a controversy. Parenthetically, whatever city should finally be selected, we Chicagoans will accept it gracefully and ungrudgingly if it should not be Chicago."

Mr. Zalinski was away from New York on vacation this week but others familiar with the close liaison between LUTC and NALU expressed amazement that Mr. Brown did not know that for more than a year—since well in advance of the NALU trustees' April, 1953, decision to make Washington the headquarters city—LUTC has been keeping the NALU executive committee apprised (1) of its wish to remain as a sharer of headquarters space with NALU and (2) its preference for the New York City area while at the same time not ruling out another location should the NALU trustees decide to move headquarters away from New York. Despite its preference for New York, when the trustees of NALU voted for Washington, the LUTC trustees voted to move to Washington, too, so as to continue with NALU.

Much of Mr. Brown's letter is an attempt to answer, point by point, the reasons given by LUTC trustees for believing LUTC can function best in the New York City area. It would be desirable to be under one roof but it would not impair the interrelationship of the organizations if they were not, Mr. Brown contends.

"All of the activities which are recited could be carried on," he says. "It would take some postage stamps and phone calls."

Mr. Brown believes that LUTC "would get along fine even if the move is away from the eastern seaboard—the western boundary of the United States is not the Hudson river." He argues that loss of personnel "is no different for our organizations than for an industrial corporation which moves for reasons of efficiency or economy from one city to another." As for moving expenses, he says "expenses of moving should be amortized over a period of several years and with good management absorbed by other economies and probably by increased enrollment."

As for the LUTC statement that one-third of LUTC classes are held within 200 miles of New York City, he comments that "it indicates that promotion in that area has been superb. However, it is also evidence that promotion and development elsewhere, which is about 85% or more of the United States, has lagged behind. A move to the middle west for LUTC regardless of what NALU does, would appear to be the answer to that."

"You need not 'lose' your present relationships with educators and prominent life underwriters," Mr. Brown's letter continues. "They will still be within reasonable reach and you might even find it effective to establish additional contacts in a new location."

Prudential Makes Changes

Prudential has made three changes in Missouri and Arkansas. John F. Menges has been appointed division manager in the company's new Mound City agency in Clayton, Mo. Mr. Menges has been in the life insurance business in St. Louis for the past 25 years.

Robert R. Lawrence, formerly a staff manager in Joplin, Mo., has been made Little Rock district agency manager. He replaces W. E. Brandt, who was recently transferred to California. Mr. Lawrence has been with the Prudential in Joplin since 1941, with the exception of three years' service in the U. S. army during World War II, and the Korean conflict.

Thomas J. Moser has been appointed a special agent at Little Rock.

Barkie, Stross Names Stametz

Barkie, Stross agency, New York City, which recently entered the life insurance field as general agent for Bankers Security Life, has named Thomas Stametz manager of its life department. He joined Mutual of New York in 1949 and in 1953 left to become manager of the life department of Irvin agency, Brooklyn. Prior to his entrance into the business Mr. Stametz was confidential clerk to Harold Ickes, late Secretary of the Interior.

New First American Office

A new office for the Houston agency of First American Life has been opened at 2310-A Main street. The agency was formerly in the Home office building there.

Cavanaugh Retires, Keare to Head Federal Life

(CONTINUED FROM PAGE 2)

Shore National Bank of Chicago, representing the directors of Federal Life; Ray Wetterlund, chairman of Washington National, in behalf of the local company executives; John Hanna, managing director H. & A. Underwriters Conference, appearing for insurance associations; Kenneth L. Merley, vice-president and counsel of Federal Life, representing the employes and officers, and Searcy J. Graham, Denver manager of Federal, for the managers and agents.

This banquet originally was designed as a 40th anniversary recognition for Mr. Cavanaugh, but the date for changing the presidential succession was set ahead so that the occasion would be doubly significant. Attesting visually to the succession of the presidency, Mr. Cavanaugh placed a gold medallion with a ribbon attached around the new president's neck. Mr. Keare's mother was on from the east to witness the ceremony. This innovation is expected to become a company tradition with following presidents. Mr. Cavanaugh also announced he is offering a prize of $100 for the best article on "Loyalty" written by any Federal Life employe.

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Mr. Cavanaugh was taken on by Mr. Hamilton as a clerk in the actuarial department in 1914. He actually was filling the shoes of T. W. Appleby who had been Federal Life's actuary and who had just left for another position and who subsequently went on to become president of Ohio National Life. Mr. Cavanaugh was employed on something of a trial basis, but it did not take long for him to become a fixture, and in 1915 he was named actuary. His home was on a farm near Hartford, Wis. He graduated in 1912 from the University of Wisconsin where he had specialized in mathematics. Then he was connected off and on with a consulting actuary at Syracuse, N. Y., and also did some examining work for the Wisconsin insurance department. He went to Chicago seeking a permanent position, and it happened that at just that time the Federal Life vacancy had developed.

Mr. Cavanaugh devoted himself to mastering all phases of the company's operations, and in July of 1915 he was designated actuary and assistant secretary. In 1923 he became vice-president and actuary; in 1931 executive vice-president and actuary, and since 1939 he has been the president. Following the death of Mr. Hamilton in 1952 he was elected chairman as well.

Mr. Cavanaugh has been quite active in association activities throughout the years that he has been identified in the life and A&H business. He has served as president of H. & A. Underwriters Conference, a member of the executive committee of American Life Convention, president and chairman Insurance Federation of Illinois, Institute of Life Insurance board, and also has served on many other committees of insurance associations. He is chairman of the finance committee of American Life Convention, having served in that capacity for a number of years. He also is treasurer of American Service Bureau and a member of its board of directors.

Mr. Cavanaugh is the third oldest person in Federal Life ranks in point of years of service.

Mr. Keare joined Federal in 1936, and his major attention has been given to agency operations. He began as a supervisor in the agency department, and was named assistant superintendent of agents in 1939. He became superintendent of agents in 1946 and in the same year was elected executive vice-president.

He was chairman of the Agency Management Conference two years ago. He attained the CLU designation and became an associate of Life Office Management Assn. in 1939. He is a director of Lake Shore National Bank and of Illinois Canning Co. of Hoopeston, Ill.

Mr. Keare switched to insurance after a decade in other fields. His home was at Chester, Pa., and he was graduated in engineering from Swarthmore in 1925. He was engaged in construction work in Philadelphia about three years, and then went with the textile firm of Aberfoyle Mfg. Co. of Philadelphia. He was transferred to Chicago as assistant to the sales manager of that company for the middle west in 1929.

Mr. and Mrs. Keare constitute a Federal Life team because Miriam Hamilton Keare, who has been a Federal Life director since 1925, takes a keen and constructive interest in Federal Life affairs. She completed law studies at the University of Chicago after having been graduated from Vassar college, and was admitted to the bar in Illinois. She attends numerous insurance gatherings, and makes it a practice to follow the proceedings closely.

When Mr. Cavanaugh went with Federal Life, insurance in force was $22,395,000, whereas today it is over $200 million: the assets were $3,305,245 as against $37,553,382; surplus to policyholders was $24,815 which compares with $2,397,313 now, after paying from surplus $2,100,000 for retirement of shares in connection with the mutualization of the company. Federal Life had entered the A & H business in 1911, and its A & H income in 1914 was $78,485 whereas the indicated A & H writings for 1954 are $3 million. The income in 1914 was $903,917 as against approximately $9 million today.

Form Agency Partnership

Wayne E. Hibbard, a recently returned Korean veteran, has joined his father's Portland, Ore., insurance agency as a partner and the agency now becomes Wayne E. Hibbard & Son. Wayne Hibbard is Oregon state manager for Pacific National Life. The younger Mr. Hibbard began selling life insurance for Pacific National with his father at the age of 17. His insurance career was interrupted by army service in Korea.

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397 Pass CLU Exams: Conferment to be Sept. 22

(CONTINUED FROM PAGE 1)

will be held in Boston Sept. 22, at a joint dinner meeting of the American College and the American Society of Chartered Life Underwriters. Subsequently, special presentation excercise will be held in most communities under the auspices of life underwriters associations and C.L.U. chapters, at which the presentation of diplomas will be featured so that as far as possible every successful candidate receives in his own community appropriate public recognition of his own achievement.

Among those who qualified for their CLU designations is the 62-year-old president of State Farm Life, Morris G. Fuller.

Names of those who successfully completed requirements, listed by states, follow:

Alabama—Mobile: Donaldson, F. D., New York Life; Montgomery: Elebash, A. P., New England Mutual.

Arizona—Phoenix: Harrelson, W. F., Travelers.

Arkansas—Fayetteville: Smith, Rex A., New York Life; Little Rock: Baxley, E. L., New England Mutual.

California—Bakersfield: Austin, E. L., New York Life; Hein, Emil, Ohio State Life; Berkeley: Copeland, J. C., New York Life; Beverly Hills: Olivar, Jordan, Mutual of N. Y.; Long Beach: Fitzgerald, W. A., Equitable Society; Whitesides, L. A., Connecticut General; Los Angeles: Andrews, E. S., Lincoln National; Burkett, F. M., General American; Farrar, Hal G., Jr., Northwestern Mutual; Firetag, William, New York Life; Glymour, J. H., Prudential; Grimes, W. C., Equitable Society; Harper, R. M., Northern Life; Payton, N. H., Golden State Mutual; Shelton, W. M., Jr., New England Mutual; Stoessel, W. J., National of Vt.; Thompson, P. S., Equitable Society; Wilber, C. F., Aetna; Oakland: Cherry, Martin, New York Life; Greig, R. W., Equitable Society; Hughes, H. H., New York Life; Wahl, R. K., National Life; Pasadena: Scoles, Donald (Dr.), University of Southern California; Santa Ana: Babbit, W. B., New England Mutual; Robbins, T. H., New England Mutual; Van Nuys: John, J. W., Sr., Travelers.

Colorado—Boulder: Fowler, L. R., Northwestern Mutual; Hubbell, W. L., Acacia Mutual; Pueblo: Freedle, Lucien, New York Life; Redding, Austin, New York Life.

Connecticut—Hartford: Conaty, R. E., New York Life; Goldenberg, B. L., Columbian National Life; Miller, J. A., Aetna; Prior, G. L., Manufacturers Life; Walls, E. G., Jr., Connecticut Mutual; Middletown: Spencer, D. E., Metropolitan; New Haven: Margolis, Allen J., Prudential.

Delaware—Georgetown: Mumford, W. M., Connecticut Mutual.

District of Columbia—Washington: Coffman, R. D., Lincoln National; Fort, Mary Elizabeth (Mrs.), American National; Hatzes, R. L., Fidelity Mutual; Hetzler, W. J., Provident Mutual; Laycock, R. C., Home Life; Lipman, I. B., Security Mutual Life; Reitman, S. G., Lincoln National.

Florida—Jacksonville: Doney, W. L., Prudential; Fogarty, J. C., Protective Life; Harper, M. B., Massachusetts Mutual; Ingle, C. S., New England Mutual; Marianna: Billingslea, A. C., Equitable Society; Miami: Garblik, A. M., Prudential; Palatka: Ginn, J. A., Jr., New York Life; Tallahassee: Van Brunt, T. B., Equitable Society; Tampa: Clark, P. F., Jr., Connecticut General.

Georgia—Atlanta: Cook, R. M., Guardian Life; DeBorde, J. M., III, State Mutual Life; Geigerman, H. D., Jr., National of Vt.; Mattingly, E. H., Guardian; McAfee, S. K., Jr., Mutual of N. Y.; Rome: Smith, G. W., Jr., Mutual Benefit Life; Wadley: Stokes, W. Lane, New England Mutual.

Illinois—Bloomington: Anderson, P. G., State Farm; Fuller, M. G., State Farm; Kohler, R. Hall, Prudential; Chicago: Bennett, D. L., Marsh & McLennan; Daugherity, R. D., Jr., Metropolitan: Degen, G. H. Metropolitan; Geffinger, A. W., North American Accident; Goldin, Barney, Metropolitan; Graham, Ira E., Northwestern Mutual; Guthaus, G. G., Prudential; Hawley, C. P., John Hancock; Loventhal, W. G., Prudential; Mattenson, Merle, Prudential; Ramey, J. M., Metropolitan; Rothstein, P. G., Metropolitan; Sahm, W. O., North American Accident; Sheppard, K. P., Indianapolis Life; Walkley, E. P., John Hancock; Wenzlaff, R. L., Equitable Society; Cicero: Morrison, J. M., Metropolitan; Oak Park: McDeEvitt, W. J., Jr., John Hancock.

Indiana—Anderson: Love, R. V. B., State Security; Bedford: Baker, E. E., Connecticut General; Evansville: Levi, R. K., Guardian; Indianapolis: Brown, J. L., Northwestern Mutual; Flickinger, F. W., John Hancock; Highfield, W. M., Insurance R & R; Hittle, Max W., Marsh & McLennan; McCotter, C. A., Northwestern Mutual; Stegner, Douglas, Howard E. Nyhart Co.; Stoneking, R. T., Equitable Society.

Iowa—Council Bluffs: Kirn, G. W., Northwestern National; Des Moines: Chinn, Gerald K., (Professor), Drake University; Sioux City: Greenstone, M. J., Aetna.

Kansas—Kansas City: Brown, F. C., Northwestern Mutual; Mission: Derry, L. E., Kansas City; Wichita: Lambdin, E. E., New York Life; Norton, R. B., New York Life.

Kentucky—Louisville: Helm, John L., National Life; Marshall, J., Jr., Lincoln National; Moore, E. A., Prudential.

Louisiana—Baton Rouge: Anderson, Gary J., Jr., Jefferson Standard; Shreveport: Lunan, C. W., New York Life; Nelson, R. H., Jr., Equitable Society; O'Neal, H. A., Mutual of N. Y.; Worley, C. M., Jr., New York Life.

Maine—Lewiston: Longley, J. B., United Life & Accident; Portland: Harrison, P. H., Jr., Union Mutual; Jordan, P. L., Union Mutual; McSween, A. J., Prudential; Mendell, C. E., Prudential; Plaisted, H. M., Prudential.

Maryland—Baltimore: Hamilton, G. S., National Life; Hooper, Z. V., New York Life; Layton, R. D., Prudential; Melgard, A. A., Fidelity Mutual; Nelson, R. L., Equitable of Iowa; Wilson, E. H., Sun Life of Md.; Bethesda: McNair, F. V., III, Jefferson Standard.

Massachusetts—Boston: Beckwith, E. F., Phoenix Mutual; Cowles, D. T., Union Mutual; Dargie, L. P., Home Life; Davis, E. L., Jr., Aetna; Greene, H. T., National of Vt.; Hoover, C. W., John Hancock; McLellan, R. A., New England Mutual; Penney, L. A., Aetna; Rountree, G. H. M., Jr., Travelers; Ryan, D. C., John Hancock; Smith, J. A., John Hancock; Wood, E. W., John Hancock; Lawrence: Sherman, M. S., Massachusetts Mutual; South Boston: Shanker, R. B., Metropolitan; Springfield: Spindler, A. V., Mutual of N. Y.

Michigan—Detroit: Cronkright, C. E., New York Life; Culver, C. A., New York Life; Goodrich, C. O., Marsh & McLennan; Gryson, E. J., Connecticut General; McFadden, J. F., Prudential; Papazian, A. W., Metropolitan; Pope, H. C., Aetna; Ray, R. W., Home; Grand Rapids, Orr, Leonard D., Phoenix Mutual; Smith, R. Kirk, New England Mutual; Jackson: Goldfarb, S. A., Massachusetts Mutual; Saginaw: Topliff, J. G., Northwestern Mutual.

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Minnesota—Albert Lea: Allen, S., Prudential; Daleiden, H. M., Equitable Society; Minneapolis: Bergquist, D. P., Mutual Trust Life; Durenberger, R. J., North American L&C; Eliason, B., Jr., National of Vt.; Elling, L. M., Lincoln National; Hansen, C. K., Equitable Society; Hoel, H. C., Lutheran Brotherhood; Lienke, E. W., Connecticut General; Lommen, D. E., Lutheran Brotherhood; Reitz, R. W., Provident Mutual; New Ulm: Donnelly, T. P., Minnesota Mutual; St. Paul: Johnson, G. J., New York Life; Mortenson, T. A., Massachusetts Mutual; Suttle, P. M., Aetna; Wiessner, R. A., Travelers; Wolf, L. A., Union Mutual.

Missouri—Kansas City: Ellis, Thornton, Equitable Society; Otto, Ingolf H. E., (Professor), University of Kansas City; St. Louis: Avery, R. F., John Hancock; Bartels, R. W., Jr., Prudential; Bell, H. A. F., Western Life; Brennan, F. E., New England Mutual; Manning, W. E., Jr., New York Life; Piening, O. F., John Hancock; Walker, W. W., General American; Sikeston: Schumacher, F. X., Jr., Metropolitan.

Nebraska—Columbus: Nelson, W. S., Northwestern Mutual; Omaha: Olson, W. L., Prudential; Siefer, F. E., Northwestern Mutual.

New Jersey—Camden: Hochberger, J. S., Prudential; Strecker, W. H., Sun Life of Canada; East Orange: Caprio, Gerard, Colonial Life; Linden: Palermo, W. G., Jr., Travelers; Newark: Beck, R. A., Prudential; Behrens, E. G., Prudential; Benisch, Abner, Fidelity Mutual; Bogedal, Eric, Mutual Benefit; Burke, J. I., Prudential; Colebank, Q. G., Prudential; Kurz, Egen, Prudential; McCarthy, J. F., Provident dent ife & Accident: Stalnaker, A. C. Prudential; Paterson: McConaghy, Henry, Prudential: Red Bank: Westerman, Morris, New York Life; Union City: Kaplove, R. D., Prudential; West Orange: Dyer, B. J., Prudential.

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New York—Albany: Merin, A. J., Berkshire Life; Toohey, J. F., Massachusetts Mutual; Binghamton: Sprout, R. M., Northwestern Mutual; Brooklyn: Lehman, Alvin, Mutual Trust Life; Scott, W. E., Prudential; Sgambati, Frank, Prudential; Spruch, H. L., Prudential; Buffalo: Miller, G.G.H., Aetna; Pfohl, H.F.L., Travelers; Thomas, G. W., John Hancock; Flushing: Appelman, S. R., John Hancock; Queally, F. X., Equitable Society; Garden City: Castor, R. G., Equitable Society; Hempstead: Edelstein, J. J., Massachusetts Mutual; Jackson Heights: Cannon, H. C., Metropolitan; Lindenhurst: Marcus, Philip, John Hancock; New Rochelle: Mueller, E. B., Metropolitan Life; New York: Archibald, R. G., New England Mutual; Arkin, Nat I., Equitable Society; Birkel, E. Julia (Miss), Equitable Society; Bryden, J. L., New England Mutual; Canfield, W. A., Equitable Society; Caputo, D. S., New York Life; Cohen, Jack, Continental Assurance; DeMott, G. M., Metropolitan Life; Domenitz, Arnold, New York Life; Eaton, C. S., Connecticut Mutual; Eisen, S. E., Equitable Society; Erdrich, H. H., New York Life; Feldblum, Ira B., Home Life; Finn, J. J., Metropolitan; Franklin, J. M., Provident Mutual; Gansmiller, L. A., National Life; Janis, A. A., Equitable Society; Kaplan, M. S., Broker; Kaufmann, W. A. L., Northwestern Mutual; Kelly, F. R., Metropolitan; Landon, H. H., Jr., R. C. Rathbone & Son; Litwak, Kalman, Prudential; Lupean, E. M., New England Mutual; Manzo, W. J., Mutual Benefit Life; Newmark, M. S., Home Life; Nouri, E. J., New England Mutual; Pace, W. M., Guardian; Pellicane, C. J., Massachusetts Mutual; Ponsoldt, R. S., Penn Mutual; Powell, L. E., LUTC; Roseman, J. J., Continental Assurance; Simon, L. A., Equitable Society; Tollerton, C. J., Metropolitan; Tunick, R.A., Mutual of N.Y.: Untenberg, Martin, Home Life; Van Law, J. M., Massachusetts Mutual; Vogel, Alvin, Home Life; White, G. C., Equitable Society; Williams, J. A., New England Mutual; Willig, Herbert, Home Life: [illegible], L. B., Equitable Society; Ozone Park: [illegible]ski, Stanley, Prudential; Poughkeepsie: [illegible], H.J., Prudential: Rochester: Niner, A.M., New York Life: Rockville Center: Heffernan, C.F., Prudential: Syracuse: Blakney, W.R., Continental American: Morrow, J.H., Equitable Society; Shopiro, D.E., Mutual Benefit Life: [illegible]gin, J.F., New York Life: Vibbert, G.R., New England Mutual; Woodhaven: Sheridan, T. P.,

John Hancock Mutual; Yonkers: Slaybaugh, E. H., Northwestern Mutual.

North Carolina—Charlotte: Edgerton, A. F., Paul Revere Life; Fincher, M. R., Aetna; Mickle, S. R., Connecticut Mutual; Taylor, W. M., Security Life & Trust, Thorsen, T. E., New England Mutual; Greensboro: Hill, F. C., Southern Life.

Ohio—Cincinnati: Moorman, R. J., Equitable of Iowa; Cleveland: Benson, L.H., Lincoln National; Clark, F. C., Mutual Benefit Life; Easton, H. S., Home Life; Columbus: Exline, F. A., Connecticut General; Jaeger, F. F., Jr., John Hancock; Johnson, J. V., Mutual Benefit; Dayton: Miller, V. K., Mutual Benefit; Singer, Julius, Federal Life; Steubenville: Cox, G. B., Northwestern Mutual; Toledo: Warner, D. W. Mutual Benefit.

Oklahoma—Enid: Bendiner, Milford, Guardian Life; Norman: Childress, D. R., (Assoc. Prof.), University of Oklahoma; Tulsa: Bumpass, J. M., Prudential; Reynolds, F. E., Acacia Mutual.

Oregon—Portland: Andrew, R. C., New York Life; David, G. A., New York Life; DeNeffe, F. M., Jr., Prudential; Essex, J. F., Northwestern Mutual; Nedrow, D. L., Equitable Society; Selberg, B. C., Equitable Society; Werneken, F. E., Jr., Mutual Benefit.

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Pennsylvania—Butler: Boone, P. J., Equitable Society; Clearfield: Dimeling, G. M., Mutual of N. Y.; Erie: Silin, H. M., Lincoln National; Harrisburg: Cowman, Q. R., Equitable of Iowa; Jenkintown: Davis, John, John Hancock; New Kensington: Ogle, J. L., Mutual Benefit; Philadelphia: Baird, W. J., Provident Mutual; Baker, R. W., Ostheimer & Co.; Beddingfield, W. R., Fidelity Mutual; Craig, L. M., Penn Mutual; During, J. J., John Hancock; Hale, R. E., John Hancock; Hiller, G. E., Penn Mutual; Kirk, W. B., Occidental of Calif.; Mason, A. W., Jr., American College; Mittelman, J. E., University of Pa.; Muscal, F. E., Mutual of N. Y.; Quinn, J. E., Bankers of Neb.; Sims, H. W., Metropolitan; Slavin, F. A., Equitable Society; Steinbeck, L. G., American Society of CLUs; Pittsburgh: Haldeman, E. F., State Mutual; Hast, D. G., Northwestern Mutual; Quaid, D. J., Equitable Society; Wanner, G. L., Jr., Sun Life of Canada; Reading: Diefenderfer, P. T., Metropolitan; Scranton: Kirst, C.J., Prudential; Willow Grove: Salesky, Philip, Columbus Mutual; York: Estlack, H. W., Connecticut General.

Rhode Island—Providence: Andrews, P. C., Monarch Life; Berlinsky, Everett, Prudential; D'Orlando, M. A., Lincoln National; Smith, H. M., Monarch Life.

South Carolina—Columbia: Kelly, J. R., Aetna; Seabrook, R. C., Calhoun Life; Stevenson, W. H., Volunteer State; Walker, S. R., Equitable Society.

Tennessee—Memphis: Robinson, L. J., Prudential.

Texas—Austin: Albright, C. B., Texas Life; Chote, W. G., Southwestern Life; Dallas: Bell, M. R., Lone Star Life; Brinegar, R. F., Great-West Life; Churm, J. V., Great-West Life; Farmer, R. G., Great National Life; Ford, Herman, Southland Life; Gardner, C. O., Jr., Acacia Mutual; Inglefield, R. H., Southwestern Life; Pierce, J. P., State Mutual Life; Reinecke, R. C., Republic National Life; Renz, H. S., Southwestern Life; Sloan, W. J., Jr., Southwestern Life; Wright, K. C., Jefferson Standard; Fort Worth: Bell, C. T., Jefferson Standard; Houston: Davis, R. L., American General; Toland, D. R., Great Southern Life; New Braunfels: Nowotny, G. E., Minnesota Mutual; San Antonio: Price, C. S., Equitable Society; Wichita Falls: Story, J. V., United Fidelity Life.

Utah—Salt Lake City: Robinette, M. L., Beneficial Life.

Vermont—Burlington: Cronk, G. A,. New York Life; King, C. F., New York Life; Rutland: Cadwell, J. B., Provident Mutual.

Virginia—Arlington: Gibson, P. A., New York Life; Murphy, J. D., Acacia Mutual; Lynchburg: Johnson, F. V., Metropolitan; Petersburg: Zehmer, C. S., Atlantic Life; Richmond: Bell, W. F., Northwestern Mutual; Dennison, J. L., Atlantic Life; Peyton, Armistead, Travelers.

Washington—Seattle: Bronson, M. W., Occidental of Calif.; Dance, D.O., New York Life; Miller, E. E., New York Life; Siggs, A. W., Prudential; Stanford, J. P. (Professor), Seattle University; Spokane: Anderson, R. L., Equitable Society; August, L. V., Prudential; Bronson, E. B., Mutual of N. Y.; Gates, L. B., State Farm, Morgan, A. C., Northern Life.

West Virginia—Charleston: Lucas, C. E., III, Peoples Life.

Wisconsin—Fort Atkinson: Qualy, R. B., Northwestern Mutual; Madison: Gilbertson, H. D., New York Life; Kautzer, H. L., Rural Security Life; King, J. P., Bankers of Iowa; MacKenzie, P. W., Jr., Wisconsin schools of vocational and adult education; Ranney, R. L., Lincoln National; Trumbo, B. A., Prudential; Milwaukee: Camplin, G. A., Old Line Life; Clifford, J. E., Old Line Life; Darkow, D. H., Northwestern Mutual; Laudon, D. W., Northwestern Mutual; Mueller, G. N., New York Life; Papageorge, George, Northwestern Mutual; Quillin, P. J., Mutual Benefit; Richards, G. S., Northwestern Mutual; Rybarchyk, R. J., Old Line Life; Smith, G. F., Northwestern Mutual; Wilbert, L. A., Northwestern Mutual; Monroe: Babler, A. H., Massachusetts Mutual; Wauwatosa: Dryburgh, W. S., Jr., New York Life.

Wyoming—Cheyenne: Brewster, W. A., Massachusetts Mutual.

Great National Names Sutherland at Austin

Gene Sutherland, Great National Life assistant manager at Austin, has been appointed manager there.

Mr. Sutherland succeeds R. N. Lewis, who has been transferred to the home office and made a vice-president, board member and company agency director. Mr. Sutherland has been with Great National in Austin since graduating from the University of Texas four years ago.

Hancock Ad Campaign to Stress Low-Cost Policies

A new advertising program in national magazines is being launched this month by John Hancock. The main theme will be the new low-cost insurance program that went into effect May 1. Meanwhile Hancock will continue on a revised basis its series of four-color advertisements on Americanism.

Initially there will be a black-and-white coupon advertisement appearing Aug. 16 in the first issue of *Time's* new magazine, *Sports Illustrated*. This will be followed in September with single insertions in *Look*, *Collier's*, *Saturday Evening Post*, *Better Homes & Gardens*, *Parents' Magazine*, *American Home*, *True*, *American Magazine* and *Popular Mechanics*.

In October, the main campaign will shift into high gear with a series of color advertisements in a different list of national magazines. This series will continue through the fall and into 1955. More complete details will be announced later.

Southern Republic Names Phillips in New Agency

Southern Republic Life has opened an agency in Austin, Tex., under the direction of Clifton Phillips of Austin who has been in personal production for several years and paid for more than $1 million in 1953. Mr. Phillips has served as a board member of Waco Assn. of Life Underwriters.

Lafayette Gains $7 Million

Lafayette had a gain of insurance in force for the first six months of 1954 of $7,599,444. This is 21% more than the gain for the same period in 1953. July was the 19th consecutive month in which the written business exceeded any similar month in the company's history.

Survey Shows $3,000-$7,000 Earners as Best Prospects

(CONTINUED FROM PAGE 3)

three consumers and for one-fifth of the consumers, it was less than 10%.

Consumers with incomes before taxes of $4,000-$4,999 have the largest commitments relative to disposable income. Security payments are found to be the most frequent form of fixed commitments and nine out of every 10 non-farmer consumers seem to have such obligations. However, it is especially interesting to know that the amounts involved in security payments are relatively small and that this is the smallest of the three categories of fixed commitments—that is, smallest for those in the $3,000-and-over income range.

On the other hand, housing payments, which are the second most frequent of the three major types of fixed claims, are reported by four out of every 10 non-farmer consumers. This type of payment ranks second in importance among those who have fixed obligations, for it has tended to be considerably larger than security payments.

Now let us see what we can make out of all of this: Among people earning from $3,000 to $7,499, we find that just about the same number put from 1% to 4% into security payments as put from 5% to 9% into them. On the other hand, in the same income bracket, we find that almost three out of five spend 10% or more of their income for housing. But it is also interesting to observe that just about one-half of the people in this income range have no installment obligations, while those who do, divide between owing from 1% to 9% of their income for this purpose and from 10% to 19%.

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It's no news that installment debts are being paid off faster than new ones are being incurred and of the 44% of the spending units with some installment debt in the early part of 1954, 10% were scheduled to pay off the debt within three months and an additional 25% within the following six months. Thus, assuming no defaults, refinancing and contraction of new debt, more than one-third of the debtors will have fully met their commitments within nine months. Because of full or partial discharge of installment debt, the proportion of consumers with large installment debt commitments (20% or more of disposable income) was scheduled to decline by about one-half within the same period.

Here, then, is what the situation adds up to: The proportion of income being spent for security purposes by persons in the $3,000 to $7,500 income range is relatively large. In between is the amount being spent to pay off installment debts.

Installment debts are being paid off faster than new installment debts are being created. But this situation can change at any moment, for the survey research center at the University of Michigan has just reported that the consumer seems to be in a mood to increase his buying of automobiles and other durable goods. If the consumer does this, his installment obligations will go up again and this will, of course, mean that the proportion of his income required for this purpose will increase.

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Before this has a chance to occur is the time for the life insurance business to convince the public of the advantages of financial security through the purchase of more life insurance. The competition upon the part of the sellers of goods and services is going to become still keener as those who want to sell the consuming public more goods on credit try to entice them by offering them the possibility of enjoying goods now with payment for them to come out of future income as against the all-important message of the life insurance field forces of the desirability of foregoing some of this in favor of increasing future financial security.

• *Realty Mortgage Investment Co.* of Austin, Tex., has been appointed loan correspondent for Aetna Life.

ASSOCIATIONS

Gives Assn. Views on Texas Picture

V. W. Kelley, San Angelo, Tex., manager for Amicable Life and president of Texas Assn. of Life Underwriters, spoke to the San Angelo Rotary Club on the views of the Texas association as to insurance conditions.

"Some promoters have slipped through loopholes in Texas insurance laws. The Texas Assn. of Life Underwriters has said for years that things were happening in the state that should not be happening," Mr. Kelley said.

"In the past the association has asked passage of an agent's qualification law. There are over 40,000 licenses in Texas giving men the right to sell insurance. Practically the only qualification for the license is the ability to pay the $2 insurance fee. We believe an agent should have more qualifications than that before he presents himself to you to advise you about your insurance."

Mr. Kelley also said that the association would support legislation raising the amount of capital necessary to form a life company and that not enough money at present is required to assure buyers that a sound insurance company will be built. He also pledged to support legislation on uniform valuation of assets and he pointed out that some supervision is also needed of the selling of stock in insurance companies. He said it is possible to organize a company, sell 51% of the stock for $1 a share, and promote the other 49% at any price the traffic will bear.

"If any investor wants the true information, he should ask if any shares have been sold at any price other than the present asking price," Mr. Kelley declared. He also stated that the association believes the Texas board of insurance commissioners should have some control over what types of life insurance policies are offered for sale.

Associations Warned on S. S. by Humber

The general public should be better informed of the "dangers that lie within the structure of the social security act"—described as a "piece of dynamite" by Herbert W. Humber, associate general agent for Mutual Benefit Life and president of San Francisco Life Underwriters Assn.

Mr. Humber believes that life underwriters' associations have fallen behind in this piece of public relations although they have used its benefits as a base for encouraging others to build a more adequate old age income for themselves and families. It is the more or less "hidden" dangers to individual American freedoms which people can be lulled into surrendering to get what they consider "something for nothing" because of ignorance of the provisions of the act and how they can affect every day life, that Mr. Humbert fears.

Life underwriters associations have done a fair job in many directions, says Mr. Humber, but they have fallen down on the social security situation mostly because most underwriters themselves have not taken the trouble to study and analyze the act thoroughly.

Mr. Humber plans to develop a forum of prominent bankers, investment men, attorneys and business men for discussions of these phases of the act—and he has already received some encouragement of his idea. Following a public "blast" he made a few weeks ago he has received requests for additional information from leaders in the lines mentioned and this, he said, indicates the wide-spread lack of adequate knowledge of the act, its provisions and its potentialities—good and bad.

While his idea will be started by life underwriters it is his hope that the planned discussion forum will actually be the sponsor for its future efforts among the general public.

Columbus, O.—Robert C. Bradley, New York Life, has been elected president to succeed Richard I. Gross, Prudential. S. S. Loyer, Bankers Life of Iowa, is vice-president; Victor Miller, Connecticut Mutual, treasurer, and Burton C. Holmes, Aetna, secretary.

Dallas—LUTC classes will begin in October. Instructors will be Henry Elbert and Clarence Darling, associate directors of the Southern Methodist University institute.

L&C. Comes Out Against Industry's Income Tax Plan

(CONTINUED FROM PAGE 1)

proposal imposes a tax on cash dividends paid to stockholders "which is not a logical concept of taxable income." He also objects to the optional feature of the proposal, saying that its unsoundness is demonstrated by the fact that it would permit a particular company to select by its own corporate action which of "two logically disconnected approaches" it will pay taxes under.

"Stock companies by corporate action can make the choice whether they will be taxed under the stockholder's dividends paragraph or the net investment income paragraph; and likewise mutual companies can control dividends to policyholders and thereby make the choice between taxation under this paragraph or under the net investment paragraph," Mr. Dudley stated in his brief to the Curtis subcommittee. "This manifest ease of circumvention further demonstrates the superficiality of the inclusion of these alternative factors."

Mr. Dudley also argued against the proposed plan on the ground that tax formula selection would be projected too far into corporate management, that the tax on cash dividends would amount to an excise tax by way of penalty upon the payment of cash dividends, and "accordingly the formula would do more than tax, it would regulate."

Another objection raised by Mr. Dudley is that "by reason of the elective characteristic of the formula neither the tax of a particular company nor that of the industry would necessarily fluctuate with actual income or growth."

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"The unsoundness of the formula is further demonstrated by the fantastically varied results that it achieves," Mr. Dudley declared. "Since some companies would find themselves taxed under paragraph 1, others under paragraph 2 and others under paragraph 3, increases and decreases would result to various companies that cannot be reconciled with size or earnings or any other logical concept. The over-all result is generally favorable to the larger companies and unfavorable to the medium or small-sized companies."

In a letter to the members of the joint industry committee, Mr. Dudley recalled that at the joint industry meeting July 14 at Chicago he made it clear both in the executive committee meeting of the Life Insurers Conference and from the floor of the membership meeting that his company reserved a right to oppose the tax proposal as discriminatory, although he emphasized that he had the utmost respect and confidence in the joint industry tax committee and its various members. He recalled that although he voted against the proposal in the executive committee of the LIC he introduced a resolution as a vote of confidence in the committee itself.

"I further stated from the floor that I felt I owed it to the stockholders of our company, who might shortly receive a cut in cash dividends if this proposal is adopted, to oppose this proposal as vigorously as possible."

The tax proposal of the all industry committee would result in a slight increase over the present 6½% basis for a large number of companies and a slight decrease for many others, while a small number of large companies would receive quite substantial reductions compared to what they would pay under the present temporary basis. The reason for these larger reductions is not that the companies are large but that the new basis would give a better break to funds held as reserves under annuities and it is the larger companies that have the bulk of these annuity funds. The reasoning for giving better treatment to income on annuity reserves is that a tax is paid on the income by the annuitant.

Gen'l American Broadens Occupational Ratings

General American Life has liberalized its schedule of occupational ratings for ordinary life. A great number of occupations will now be considered standard. Also, in practically 100% of occupational listings, reduction is being made in the life rating or the disability or double indemnity ratings. The latter two benefits are also now available in a large number of occupations that were not previously considered eligible. The company has also made a reduction in group life premium rates in cases involving from 50 to 250 lives.

Internat'l. A&H Assn. Names Davis Unit Head

Roy Davis, Illinois Mutual Casualty, Peoria, has been named chairman of the publicity committee for International Assn. of A&H Underwriters.

H. A. Balke Joins Staff of Mutual Life

Henry A. Balke has joined Mutual Life of New York as advertising assistant. His experience includes advertising work with Compton Advertising Inc., and Fuller, Smith & Ross and writing on management, personnel and marketing problems for National Industrial Conference Board. At one time he was with the advertising department of Royal Liverpool.

Henry A. Balke

Named to CPA Committee

Edward J. Mallon, Guardian Life, has been appointed chairman of the insurance companies and agencies accounting committee of New York State Society of Certified Public Accountants. Thomas Burgess, Mutual of New York, is a new member of the committee.

NWM Agents Hear House Debate

A surprise feature on new tax legislation which was discussed at Northwestern Mutual Life's annual meeting of Assn. of Agents reported in the July 30 issue was a special telephone hook-up to the House gallery in Washington enabling the agents to hear a description of the debate by Paul Myers, an attorney representing Northwestern Mutual. The proposed internal revenue code was reviewed at the agents' meeting by Charles B. McCaffrey, director of advanced underwriter training and Horace H. Mickley, Los Angeles special agent.

Prudential Loans $15 Million

LOS ANGLES—Hunt Foods Inc., Los Angeles, has secured a $15 million 20-year loan from the Prudential at an interest rate of 4%. President Frederick R. Weisman of Hunt Foods said the amount would be used to retire $5 million of outstanding debentures and for working capital.

Picking Right Mutual Fund Demands Savvy: Wood

(CONTINUED FROM PAGE 5)

of these—indeed to pass an intelligent judgment upon a single one—is ordinarily impossible. He lacks the ability, the facilities, the training and the time essential to a proper investigation. Unless his purchase is to be little better than a gamble, he needs the advice of an expert, who, combining special knowledge with judgment, has the facilities and incentive to make a thorough investigation."

Mr. Wood also quotes this passage, attributed to Bernard M. Baruch:

"If you are able and willing to give up everything else—to study the whole history and background of the market and all the principal companies whose stocks are on the board, as carefully as a medical student studies anatomy—to glue your nose to the tape at the opening of every day of the year and never take it off till night—if you can do all that, and in addition you have the cool nerve of a great gambler, the sixth sense of a kind of clairvoyant, and the courage of a lion, you have a Chinaman's chance."

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These quotations from Brandeis and Baruch "should be taken to heart by one whose investments are in the shares of investment companies as well as those who buy stock on one of the exchanges," Mr. Wood comments.

Consider, says Mr. Wood, some of the choices an investor has: He can buy bonds issued by an investment company practically all of whose assets are invested in common stocks, or he can buy the common stock of a mutual fund all of whose assets are invested in bonds; furthermore, it is conceivable that the bonds owned by one investment company might be, deliberately speculative, while the common stocks owned by the other investment company might be the most conservative available.

The capitalization of one investment company might be highly "leveraged," that is it may have sold bonds and preferred stock as well as common stock to investors; the common stock would then be volatile—go up and down in price more rapidly than the market. Another mutual fund might have a simple capital structure, with only common stock in the hands of investors, yet it might invest its funds largely in the more volatile common stocks of certain industrial corporations. The investments of one company might be concentrated within one industry, that of another be highly diversified among industries as well as companies. One mutual fund might invest for rapid appreciation, another for steady income, yet another in long term growth situations.

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The wonder is not that study and judgment are required on the part of the investor, Mr. Wood comments. Rather, the wonder is that anyone would believe that either blanket praise or criticism of the many investment companies could be given.

Investment companies are divided into five descriptive classes, but the most common are the closed-end and the open-end—the type known as mutual funds. Closed-end means that an investment company is organized with a certain capitalization and when all the stock and/or bonds have been sold it is closed and no more of its securities of any kind may be sold unless authorized by the stockholders.

The sponsors of some investment companies concern themselves only with the management of their invested funds, with a distinct and different organization being responsible for sales. These companies issue new shares to their agents and buy back old shares from their shareholders at the book, or net asset, value. It may not take a profit or loss on either the sale or redemption of its shares.

Sponsors of other companies may handle both the management and the selling functions for two reasons, in order to assure aggressive sales efforts and to make some profit on the sales loading. The present trend seems to be in this direction, Mr. Wood notes.

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Either distribution method will probably have the same end result to the investor, because a sales loading charge is added in both cases.

The selling agent of a mutual fund usually acts in the capacity of a wholesaler. The actual sale of the shares to the investor is made by an investment broker or an investment dealer. Many open-end shares are sold on a nationwide basis and a direct full-time selling organization would, in practically all cases, be impossibly expensive. Sales loading on such shares usually is between 6% and 9% of asset value depending on the company. The sales expense is incurred for one purpose—to attract the investor's money. The management obtained is paid for currently, usually quarterly.

The cost of owning mutual fund shares might be said in general to approximate 7½% of the purchase price immediately, plus 12½% of each year's gross income.

In judging an investment company, Mr. Wood says, any analysis should include the past record for both income and appreciation or gains, the investment policy as indicated by the status and changes in the list of investments from time to time, management and its capital structure if it is a closed-end company.

"The usual tests of performance (the past record) include appreciation as well as income. The tests are likely to be slightly different for the two kinds of companies. For the closed-end the measurement of results involves the calculation of (a) the so-called performance relative, and (b) the 'chain-index', a method which assumes that all dividends paid out are automatically reinvested, annually; for the open-end, it involves the calculation of performance relatives in net assets on a per share basis—and in this case there is the assumption that there is no reinvestment of dividends, even those of capital gains."

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If this paragraph is unclear, Mr. Wood comments, it is indicative that comparisons of performance figures must be understood to be at all meaningful. This can be achieved only when comparing like companies.

Proper consideration of these factors require such knowledge and background that the Brandeis and Baruch quotations seem pertinent. The information can be obtained if one knows where to look. "But the making of a sound decision based on the facts is another matter."

When the choice of the company is made, the investor should decide whether or not he wants a closed-end or open-end company. If he wants shares which will rise and fall faster than the market, then he will select the closed-end company. Shares of closed-end companies may be good trading vehicles; the shares of open-end companies are not, because of the sales load involved. However, there are a larger number of open-end companies from which to choose.

The investor must also decide the amount of risk he is willing to assume and take into consideration the dividend policy of the companies, the performance record and the price.

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Both the proponents and the critics of mutual funds often ignore the implications of one of the most important facts about them—that the intentional differences between investment companies are so many and great that it is both their strength and weakness in their appeal and value to the investor.

An element of strength is that there is an investment company suitable for the needs of almost any investor. This is a strong point, however, only on the assumption that either the buyer has adequately analyzed both his investment needs as well as discovered the one best company to meet his objective, or that the salesman of investment company shares has the ability and the time to do it for his client, and will recommend the right company.

It is an element of weakness if the prospect buys shares because he believes all investment company shares are a good investment or because it is the company a particular salesman happens to be pushing. Such a purchase could either be the best one for him, or it could be the worst.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

that all such commissions attributable to contracts sold by a full-time salesman after Dec. 31, 1950, are "wages" subject to social security tax, but that renewal commissions received before or after above date, which are attributable to policies sold by the agent before Jan. 1, 1951, "When he was not an employe statutory or otherwise, constitute net earnings from self-employment."

Bare Tax Records to Pension Probers

President Eisenhower has issued an executive order permitting the House committee on education and labor to inspect tax returns on income, excess profits, declared value excess profits, capital stock, estates and gifts for 1947-53. This is in connection with the committee's investigation of union welfare and pension funds.

Reserve-Officer NSLI Bill to President

WASHINGTON—The Senate has passed and sent to the President a bill that would give reserve officers of the army, navy and air force $10,000 of life insurance free while on active duty for 14 days or more. It would also permit them to apply for National Service Life Insurance after 30 days of duty.

Life Men on Mortgage Credit Committee

WASHINGTON—Norman Carpenter, 2nd vice-president of Metropolitan Life, and Milford A. Vieser, vice-president of Mutual Benefit Life, have been appointed as life insurance industry representatives on the national voluntary mortgage credit extension committee authorized by the new housing law. They were appointed "with the advice and consultation of the principal national organizations in the life insurance field," according to the announcement. The committee's first meeting was scheduled for Aug. 13. The committee and its regional subcommittees have the job of facilitating the flow of residential mortgage funds in areas where there may be a shortage of local capital for housing loans.

Shenandoah Life, Jordan Argue in D. C. Court

Arguments were presented in federal district court in Washington, D. C., by attorneys for Shenandoah Life and Commissioner Jordan, following the commissioner's refusal to renew Shenandoah's license on grounds it has not been complying with the D. C. group law. The company, whose group business covers many federal employes, brought suit to compel renewal of the license, which expired April 30. It is continuing to do business in the district pending decision.

Carr, Equitable Field Vice-president, Retires

John A. Carr, field vice-president of Equitable Society, has retired due to disability. The agencies in the south central department, formerly under his supervision, will operate temporarily under the direction of Second Vice-president Harold J. Rossman. Mr. Carr, who joined the company in 1931, also has been district manager at Lincoln and Omaha and agency manager for Nebraska. He is a past president of Nebraska and Omaha associations of life underwriters. His successor will be announced shortly.

To Break Ground for L.&C. Building Sept. 1

Life & Casualty has received approval from the Nashville zoning board for its projected 29-story home office building and will break ground for the structure Sept. 1.

Ford Heads State Mutual's 3rd L. A. Agency

State Mutual Life has opened its third Los Angeles agency with John Ford, formerly vice-president and agency director of Forest Lawn Life of Glendale, as manager.

Equitable Names Three in Training Division

Equitable Society has appointed in its training division Robert C. Yohe, Russell E. White and Franklin R. Amthor. Mr. Yohe, formerly supervisor of agency unit manager training, becomes manager of the division. Mr. White, formerly agency training instructor, becomes supervisor of agents training. Mr. Amthor, formerly chief of agents' training, becomes sales research consultant, a new position.